



FINAL PASSAGE OF THE NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2005

Mr. KERRY. Mr. President, I come to the floor today, as Ranking Democrat on the Committee on Small Business and Entrepreneurship, to discuss two amendments that were included in the Defense Department FY2005 Authorization bill, which passed yesterday. These amendments will ensure that small businesses are included in the analysis of policies that affect the procurement strategies or affect the technology and industrial base of this nation. Before I discuss these amendments, however, I would like to thank the Committee's Chair, Senator Olympia Snowe for her leadership, and for working hand-in-hand with me on these amendments that are vital to ensuring that small businesses continue to have a voice in the Federal procurement arena.

Mr. President, the Department of Defense is the largest purchaser of goods and services in the Federal government. As a result, they are the driving force behind Federal agencies' ability to meet the government wide small business contracting goal of twenty-three percent. The Defense Authorization Act of 2004 included a provision requiring the Administrator of the Office of Federal Procurement Policy (OFPP) to establish an advisory panel to review the laws and regulations regarding the use of commercial practices, performance-based contracting, the performance of acquisition functions across agency lines, and the use of government-wide acquisition contracts, also known as GWACS.

Many small businesses have contacted my office regarding the negative impact these GWACS have been having on their ability to compete for Federal contracts. They are concerned that GWACS are being disproportionately awarded to larger firms, denying small business their fair share of contracts. The amendment, offered by Senators Snowe, Coleman and myself, expands the authority of the advisory panel to include a report on the impact these tools have on small business concerns. It also allows the panel to offer recommendations regarding laws, regulations and policies they believe would afford small businesses increased opportunities to participate in the Federal procurement arena.

With respect to the second amendment, I want to commend Senator Byrd for taking the initiative to develop an amendment to ensure that small businesses have a voice with respect to Federal government work on the future of the national technology and industrial base.

The DoD Authorization bill includes a provision establishing a Commission on the Future of the National Technology and Industrial Base. The duties of this twelve-member, Presidentially-appointed Commission include studying the issues associated with the future of the national technology and industrial base in the global economy. This study is particularly important with respect to the effect of our national technology and industrial base on United States national security and for assessing the future ability of meeting the objectives outlined in the bill. This amendment adds a provision to the study that will require that the role of small business concerns in strengthening the

national technology and industrial base is incorporated in the report, due no later than March 1, 2007.

Mr. President, small businesses have proved time and time again that they can provide the goods and services needed by the Federal government, often more efficiently and more cost effectively than their large competitors. Unfortunately, they are consistently treated as an afterthought or completely ignored when the Federal government considers procurement policies outside of the Small Business Administration. While the SBA is essential for providing access to capital, training and counseling, and for assistance in gaining access to the federal marketplace, the vast majority of contracts for goods and services come from other agencies, such as the Department of Defense.

Small businesses should be provided the greatest opportunity to compete. When our national defense is in the process of re-generation and transitioning into a military of the future, as it is now, small businesses should be tapped to maximize the innovation, cost savings and efficiency they can contribute to the effort. Small businesses are critical to maintaining and strengthening the overall economy of the nation and are the cornerstone of the government's policy of ensuring a diverse supplier base. They should be included when the government is developing industrial policy and considered in the analysis of policies that affect the procurement strategies or affect the technology and industrial base of this nation. These amendments do just that. Again, I thank Senators Snowe and Byrd for their leadership and my colleagues for their support for this nation's small businesses. I would also like to thank Chairman Warner and my colleague on the Senate Committee on Small Business and Entrepreneurship, Senator Levin, the Ranking Member of the Senate Committee on Armed Services for working closely with us and for making these amendments a part of this legislation.